

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ADP-00 AGR-20 L-03 IGA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 CIEP-02 OMB-01 RSR-01 /142 W

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R 091035 Z MAY 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 9675

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E. O. 11652: N/ A

TAGS: EAID BG

SUBJ: PL 480 TITLE I REQUEST FOR FY 74

REF: DACCA 1644

1. SUMMARY: OFFICIAL REQUEST INCLUDING JUSTIFICATION FOR TITLE I PROGRAM FOR FY 74 AS FOLLOWS: 850,000 MT FOODGRAINS; 60,000 MT EDIBLE OIL; AND 180,000 BALES COTTON. OF THIS MINIMUM REQUIREMENT FIRST SIX MONTHS FY 74 FPYDGRAINS 400,000 MT, EDIBLE OIL 40,000 MT, COTTON 60,000 BALES. BDG HOPEFUL SIGN AGREEMENT ABOUT JUNE 1 AND BEGIN SHIPMENT EARLY JULY. IN ORDER TO BRING THEIR REQUEST MORE IN LINE WITH (A) 64.7 MILLION DOLLAR BUDGET FOR FY 74 (B) FY 73 TITLE II AND (C) POSSIBLE FY 73 BILATERAL GRANT ALLOCATION, WE RECOMMEND FOLLOWING COMPOSITION FOR FY 74; 500,000 TONS WHEAT OF WHICH 300,000 AVAILABLE IN FIRST 6 MONTHS; AND TOTAL 40,000 TONS OF EDIBLE OIL OF WHICH 10,000 TONS AVAILABLE FIRST 6 MONTHS; NO COTTON. BDG OFFICIAL REQUEST AND JUSTIFICATION FOR PL 480 AIR POUCHED MAY 8.

2. FOODGRAIN: REQUEST STATES THAT BDG EXPECTS TO HAVE SAME SERIOUS SHORTAGES OF IMPORT REQUIREMENTS IN FY 74 AS THEY HAD IN FY 73. THEY STATE THAT THEY HAVE HAD UNPRECEDENTED DROUGHT AND INSUFFICIENT AGRICULTURAL INPUTS WHICH HAS RESULTED IN SHORTAGES OF FOODGRAINS. THEIR TOTAL IMPORT DEFICIT FOR CALENDAR YEAR 73 IS 2.66 MILLION TONS. FYI CHANDLER REPORT 2.56 MILLION IMPORT REQUIREMENT
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(MISTAKENLY) INCLUDED 0.20 MILLION GOVT STOCKS ON HAND WITHOUT SPECIFYING WHAT CARRYOVER REQUIREMENT WOULD BE. ELIMINATION THIS AMOUNT ON THE AVAILABILITIES SIDE, ALONG WITH CHANGES IN PRODUCTION, CONSUMPTION AND STOCK BUILDUP HAS RESULTED IN NEW BDG 2.66 IMPORT REQUIRE-

MENT FIGURE. END FYI. TO MEET THIS DEFICIT THEY HAVE MADE ARRANGEMENT

TO PURCHASE 1.06 MILLION TONS WITH THEIR OWN FOREX; HAVE GOTTEN 410,000 TONS AS GRANT (US 200, CANADA 165, FRANCE 15, JAPAN 12.5, AUSTRALIA 12.5, NETHERLANDS 5); AND HAVE RECENT PLEDGES OF AN ADDITIONAL 382,000 TONS (CANADA 53, AUSTRALIA 54, JAPAN 100, EEC 175)

THE ABOVE ACCOUNT FOR 1.85 MILLION AND THEY ARE SHORT 800,000 TONS. FYI BDG REPORTS THAT EARLIER BDG PURCHASES AMOUNTING TO 140,000 MT HAVE FALLEN THROUGH AS REPORTED PARA 4 REFTEL. END FYI.

3. FOR FY 74 THEY ESTIMATE A MINIMUM IMPORT REQUIREMENT OF 2.1 MILLION TONS (ASSUMING A RISE IN AVERAGE IC CAPITA PER DAY CONSUMPTION FROM 15 TO 15.5 OUNCES WHILE PROJECTING AN INCREASED AMAN CROP BUT STATIC BORO, AUS AND WHEAT CROPS), WHICH WOULD PERMIT AN ESTIMATED OFFTAKE FOR FY 74 OF 2.2 MILLION. OFFTAKE FOR FY 73 (ACTUAL JULY- APRIL AND ESTIMATED MAY- JUNE) WAS 2.7 MILLION TONS. TO MEET THIS DEFICIT, BDG REQUESTS UNDER TITLE I 850,000 TONS OF FOOD GRAINS OF WHICH 400,000 TONS SHOULD BE FOR THE FIRST 6 MONTHS OF FY 74. THEY REQUEST THAT THE 400,000 TONS OF FOODGRAINS INCLUDE A SUBSTANTIAL QUANTITY OF RICE IF AVAILABLE AND THAT THE 450,000 TONS FOR THE BALANCE OF FY 74 INCLUDE 100,000 TONS OF RICE.

4. EDIBLE OIL: BANGLADESH IS SUBSTANTIALLY DEFICIENT IN EDIBLE OIL, ESPECIALLY EDIBLE OIL FOR DISTRIBUTION THROUGH THE FAIR PRICE SHOPS IN THE STATUTORY AND MODIFIED RATIONING AREAS. MINIMUM REQUIREMENT OF EDIBLE OIL FOR DISTRIBUTION THROUGH FAIR PRICE SHOPS FOR FY 74 IS ESTIMATED AT 109,000 MT QUOTE ALL OF WHICH WILL HAVE TO BE IMPORTED UNQUOTE. ESTIMATED OFFTAKE FOR FY 74 OF 109,000 MT COMPARES WITH THE 83,404 MT FOR FY 73 (ACTUAL FOR JULY- APRIL AND ESTIMATED FOR MAY- JUNE). IN ADDITION REFINERIES AND COMMERCIAL REQUIREMENTS FOR FY 74 WOULD BE AN ADDITIONAL 40,000 MT OF UNREFINED OIL. THEY REQUIRE 30,000 TONS OF UNREFINED OIL AND 30,000 TONS OF FULLY REFINED OIL IN DRUMS UNDER TITLE I DURING FY 74 WITH A MINIMUM OF 20,000 TONS OF UNREFINED OIL AND 20,000 TONS OF FULLY REFINED OIL IN DRUMS FOR THE FIRST HALF OF FY 74.

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5. COTTON: WITH NO SIGNIFICANT DOMESTIC PRODUCTION, BDG MUST IMPORT FOR FY 74 AN ESTIMATED 360,000 BALES. THEY EXPECT MILL CONSUMPTION TO INCREASE IN FY 74 OVER FY 73, (INCLUDING 6 NEW MILLS EXPECTED TO BE BROUGHT INTO PRODUCTION IN FY 74). THEY REQUEST AT LEAST 180,000 BALES OF RAW COTTON FOR FY 74 AND OF THIS 60,000 BALES DURING THE FIRST HALF OF FY 74.

6. SUPPLY AND DISTRIBUTION TABLES ESTIMATED FOR FY 73 AND FORECAST FOR FY 74 FOR WHEAT, RICE, EDIBLE OIL, AND COTTON. IMPORT STATISTICS FOR FY 73 FOR EACH OF THE COMMODITIES ARE INCLUDED.

7. COMMENT: IN LINE WITH THE 64.7 MILLION DOLLAR BUDGET FOR FY 74;

THAT AMOUNT PROVIDED UNDER FY 73 TITLE II; AND POSSIBLE
ALLOCATION UNDER

FY 73 BILATERAL GRANT, WE RECOMMEND AN ANNUAL PROGRAM FOR 500,000
TONS OF WHEAT (EXCLUDING RICE) WITH A CURRENT ESTIMATED VALUE OF 50
MILLION DOLLARS; AND 40,000 MT OF EDIBLE OIL (20,000 MT REFINED AND
20,000 MT CRUDE) WITH AN ESTIMATED VALUE OF 15 MILLION DOLLARS.
THERE WOULD BE AN UNDERSTANDING THAT PURCHASE AUTHORIZATIONS WOULD
BE ISSUED FOR 300,000 TONS OF WHEAT AND 10,000 OF REFINED EDIBLE
OIL DURING THE FIRST HALF OF FY 74.

8. THE WHEAT ESTIMATE IS BASED ON MORE URGENT REQUIREMENTS IN
FIRST HALF FY 74 BEFORE THE AMAN CROP IS HARVESTED THAN IN THE
2 ND HALF; DELIVERIES OF ROUGHLY 350,000 UNDER TITLE II AND POSSIBLY
200,000 UNDER BILATERAL GRANT FOR FY 73, SUPPLIES OF WHEAT AND
RICE FROM OTHER SOURCES AND THEIR OWN PURCHASES OF APPROXIMATELY
700,000 TONS OF FOODGRAINS IN FY 74 (ACCORDING TO THEIR S& D TABLE).
THE REDUCTION IN THE OIL REQUEST IS BASED ON A CONTINUING NEED FOR
FULLY REFINED OIL IN DRUMS TO MEET FAIR PRICE SHOP COMMITMENTS
BUT A LESSER NEED FOR CRUDE DEGUMMED OIL; ALSO POSSIBLE
AVAILABILITIES OF THE FOLLOWING: COMMERCIAL PURCHASES OF 35,000
TONS; 10,000 TONS OIL RESIDUAL TITLE II FOR FY 73 AS WELL AS
POSSIBLE 20,000 UNDER GRANT REHABILITATION. COTTON HAS BEEN DELETED
BECAUSE OF COMMERCIAL PURCHASES 207,000 BALES FOR FY 74 (ACCORDING
TO THEIR S& D TABLE), AND POSSIBILITY RECEIPTS UNDER FY 73 BILATERAL
GRANT. COTTON MAY BE CONSIDERED FOR TITLE I IF UNAVAILABLE FOR
GRANT FINANCING.

9. A STATEMENT ON SELF- HELP WAS NOT INCORPORATED IN THE OFFICIAL
REQUEST, BUT WILL BE THE SUBJECT OF SUBSEQUENT DISCUSSIONS.

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